

## CONDENSED LICENSING RULES

### ALTERNATIVE DRAWING FORMATS FOR RAFFLES

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**WAC 230-02-500 DRAWING DEFINED.** A drawing is defined as an approved random selection process for determining winners in a raffle. To be random, each ticket in the drawing must have an equal chance of selection.

**WAC 230-08-070 RAFFLE RECORDS.** A detailed record shall be prepared for each raffle conducted. Unless otherwise noted in this section, organizations licensed to conduct raffles at Class "D" or below and organizations conducting unlicensed raffles under the authority of RCW 9.46.0315 or 9.46.0321 are authorized to use reduced recordkeeping requirements as set out in WAC 230-08-015. Organizations licensed to conduct raffles at or above Class "E" or conducting raffles under any class of license by utilizing alternative drawing formats, as authorized by WAC 230-20-325, shall comply with the following recordkeeping procedures:

(1) All data required shall be recorded in a standard format prescribed by the commission;

(2) At least the following data shall be recorded:

(a) Beginning and ending ticket numbers;

(b) The total number of unsold tickets with ticket numbers that are below the highest ticket number sold;

(c) Total gross gambling receipts;

(d) A description of each prize including the cost, or if contributed to the organization, the fair market value;

(e) The name, address, and telephone number of each winner of a prize with a cost or fair market value in excess of twenty dollars;

(f) Except as authorized by WAC 230-20-335, details of disbursement to and return of tickets from sellers. Minimum details shall include:

(i) The name of the person receiving the tickets;

(ii) The number of tickets disbursed;

(iii) The number of tickets returned; and

(iv) All funds returned;

(3) In addition to the prescribed format, the following records shall be maintained:

(a) Validated deposit receipts for each deposit of raffle proceeds;

(b) All winning tickets;

(c) All ticket stubs for raffles that participants are not required to be present at the drawing;

(d) All unsold tickets for individual raffles for which gross gambling receipts exceed five thousand dollars;

(e) Invoices and other documentation recording the purchase or receipt of prizes; and

(f) Invoices and other documentation recording the purchase of tickets and other expenses of the raffle;

(4) Except as authorized by WAC 230-20-335, these records shall be maintained for a period of not less than three years from the end of the licensee's fiscal year in which the raffle was completed;

(5) Records for each individual raffle shall be completed and available for review by commission staff and local law enforcement or taxing authorities no later than thirty days following the drawing: Provided, That this subsection shall not restrict commission staff or local law enforcement authorities from review of any required records prior to the allowed completion date; and

(6) Records shall be maintained at the main administrative or business office of the organization that is located within Washington state and available for commission review or audit upon request. Organizations that do not have an administrative or business office located within Washington state structured to

include more than one chapter or other subdivided unit that conducts raffles under the parent organization's license, shall designate records custodians that reside in Washington state. Such custodians shall be responsible for retaining all original records and making such available for review or audit at any reasonable location within seven days of a request by commission staff: Provided, That the director may authorize an organization to maintain records at alternative locations if the organization has demonstrated the ability and desire to comply with all commission requirements. Records maintained under such an agreement shall be made available for commission review and audit at any designated location within seven days. The director may revoke this authority at any time by providing written notice. A request to maintain records at alternative locations shall include at least the following:

(a) The conditions that preclude or restrict compliance with normal records maintenance requirements of this subsection, including costs;

(b) The address of the location where all records will be maintained;

(c) If such records are retained outside the state of Washington, the name, address, and telephone number of a resident of the state of Washington who is authorized by the organization to accept a request for records;

(d) The name, address, and telephone number of a primary and alternate records custodian; and

(e) A notarized statement by the chief executive officer of the organization acknowledging responsibility for providing records and that failure to comply with a request for records within the allotted time may result in suspension or revocation of all licenses held by the organization.

#### **WAC 230-20-325 MANNER OF CONDUCTING A RAFFLE.**

Only charitable and nonprofit organizations may conduct a raffle. All raffles, except as authorized in WAC 230-02-335 (members-only raffles), shall be conducted utilizing the following operating procedures:

#### **Price per ticket - maximum \$25.**

(1) Each raffle ticket may not be sold for more than twenty-five dollars. Every raffle ticket for a particular raffle must be sold for the same price: Provided, That tickets may be bundled together and sold at a discount, as authorized by subsection (2) of this section.

#### **Discount schemes for tickets.**

(2) The director may authorize a raffle licensee to sell tickets at a discount when the following requirements are met:

##### *License required.*

(a) The organization must have a current Class E or higher raffle license: Provided, That Class C or Class D raffle licensees may offer discounted tickets if all recordkeeping requirements of WAC 230-08-070 are followed.

##### *Request for approval.*

(b) A request for approval of discounted sales must be received at the Lacey headquarters office at least thirty days prior to beginning the first raffle for which such approval is requested. The request for approval shall include, at a minimum, the following information:

(i) A full description of the discount scheme;

(ii) The account controls and records that will be used; and

(iii) A copy of a raffle ticket and the booklet cover to be used in the raffle.

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#### *Subsequent discount schemes.*

(c) After a licensee has received approval for a discount scheme, the licensee may utilize the identical discount scheme in subsequent raffles, unless approval is rescinded or commission rules change.

#### *Cost of approval.*

(d) The licensee shall reimburse the commission for costs incurred to review discount schemes: Provided, That the licensee will not be charged for the first two hours of service (WAC 230-12-315).

#### *Amount of discount.*

(e) Only one discount scheme is allowed for each raffle. The amount of the discount must be set prior to selling any raffle tickets and must not be changed during the raffle.

#### *Bundling tickets.*

(f) Raffle tickets bundled to be sold at a discount must meet the following requirements:

(i) Discounted tickets must be bundled into booklets that contain the number of tickets set forth in the approved scheme. For example, if single tickets are sold for five dollars each, the discount scheme may allow three tickets to be bundled together and sold for ten dollars;

(ii) Tickets bundled into booklets shall not be removed from the booklet and sold individually; and

(iii) The cover of each ticket booklet shall be imprinted with the following:

(A) A description of the sales scheme;

(B) The number of tickets in the booklet;

(C) The total cost of the booklet; and

(D) A control number that meets the requirements of subsection (3) of this section.

#### *Accounting.*

(g) Accounting procedures must be established and provide controls necessary to allow commission staff the ability to audit gross gambling receipts from ticket sales.

#### **Numbering of tickets.**

(3) To provide an adequate audit trail, all raffle tickets shall be:

(a) Consecutively numbered; or

(b) Imprinted with letters or symbols which are not repeated within the population of all tickets sold for a particular raffle.

#### **Purchasing tickets.**

(4) No person shall be required to purchase more than one raffle ticket.

#### **No free tickets or chances to win.**

(5) Free tickets, or an opportunity to participate in a raffle drawing without purchasing a ticket, are not allowed for any reason, including, but not limited to, the following:

(a) Awarded or given away as a prize;

(b) For purchasing a certain number of raffle tickets; or

(c) As a reward for selling raffle tickets.

#### **Ticket stub information.**

(6) Raffle tickets sold to the general public or for raffles that do not require the winner to be present at the drawing shall include a stub or other detachable section bearing a duplicate number, letter, or symbol corresponding to the number, letter, or symbol on the ticket or object representing the player's chance.

The portion retained by the raffle operator shall include the participant's name, complete address, telephone number, and/or other information necessary to notify the winner.

#### **Ticket stubs to be placed in receptacle for drawing.**

(7) Each person that sells a raffle ticket shall give the raffle licensee all ticket stubs or other detachable section of all tickets sold. The licensee shall place each stub or other detachable section of each ticket sold into a receptacle from which the winning tickets will be drawn.

#### **Drawing the winning tickets.**

(8) The ticket collection receptacle shall be designed so that each ticket has an equal opportunity to be drawn: Provided, That an alternative drawing format to determine the winners may be utilized, as authorized by subsection (9) of this section.

#### **Alternative drawing format.**

(9) The director may authorize a raffle licensee to determine the winners utilizing an alternative drawing format when the following requirements are met:

#### *License required.*

(a) The organization must have a current raffle license.

#### *Request for approval.*

(b) A request for approval for an alternative drawing format must be received at the Lacey headquarters office at least thirty days prior to beginning the first raffle for which such approval is requested. The request shall include, at a minimum, the following information:

(i) The type of random selection process to be used and complete details of its operation;

(ii) The name and telephone number of the raffle manager; and

(iii) The signature of the organization's chief executive officer.

#### *Subsequent alternative drawing formats.*

(c) After a licensee has received approval to utilize an alternative drawing format, the licensee may utilize the identical drawing format in subsequent raffles, unless approval is rescinded or commission rules change.

#### *Cost of approval.*

(d) The licensee shall reimburse the commission for costs incurred to review alternative drawing formats: Provided, That the licensee will not be charged for the first two hours of service (WAC 230-12-315).

#### *Additional requirements.*

(e) The alternate drawing format must meet the definition of a drawing as defined by WAC 230-02-500;

(f) The random selection process used in the alternative format shall be fully disclosed to each player prior to selling a ticket; and

(g) The alternate drawing format must be closely controlled by the licensee.

#### **Selling tickets.**

#### *Members only to sell - exception.*

(10) Tickets must be sold by members of the organization or volunteers under the supervision of a member under the requirements set forth in WAC 230-20-070(1).

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### *Compensation or incentives for sales.*

(11) Members shall not be paid for selling tickets, managing or operating a raffle: Provided, That noncash incentive awards may be provided to members for selling tickets if the following requirements are met:

- (a) Individual awards do not exceed a fair market value of ten dollars;
- (b) The awards are based on the number of chances sold; and
- (c) The fair market value of the total amount awarded for an individual raffle does not exceed two percent of the gross gambling receipts of the raffle.

### **Prizes.**

(12) Prizes must be owned by the organization conducting the raffle prior to drawing the winning tickets. Raffle prizes must meet the following requirements:

- (a) Firearms shall not be awarded as prizes: Provided, That a raffle licensee may award firearms as prizes under the provisions set forth in WAC 230-12-040;
- (b) Liquor shall not be awarded as prizes: Provided, That unopened containers of liquor may be awarded as a prize in members-only raffles when the proper permit is obtained from the liquor control board (RCW 9.46.0315 and WAC 230-20-335);
- (c) The amount of money spent on prizes must meet the requirements set forth in WAC 230-20-015; and
- (d) Prizes shall be controlled as set forth in WAC 230-20-300.

### **Rules must be provided to participants.**

(13) All participants in a raffle must be informed of all rules by which prizes may be won at the time the ticket is purchased. This information shall be provided by either imprinting such on the participant's portion of the ticket or otherwise providing such to each participant in writing.

The following information shall be provided to each participant:

- (a) The cost of each chance;
- (b) All prizes available, whether cash or merchandise;
- (c) Date and time of drawing;
- (d) Location of drawing;
- (e) Whether an entrant is required to be present at a raffle drawing in order to be eligible to win a prize; and
- (f) Name of organization conducting the raffle.

### **Posting the raffle license.**

(14) The raffle license or a copy of the license must be posted in a location readily visible by all raffle participants during the entire time the drawing of winners is being conducted.

### **Joint raffles.**

(15) Raffle licensees may join together to conduct a raffle when the provisions set forth in WAC 230-20-350 are met.

### **Members-only raffles.**

(16) Organizations may conduct members-only raffles under simplified procedures set forth in WAC 230-20-335.

**WAC 230-20-350 LICENSEES MAY JOIN TOGETHER TO CONDUCT A RAFFLE.** Persons holding a license to conduct a raffle or raffles, may join together with any other person or persons holding such a license to jointly conduct a raffle only if the following conditions are met:

(1) Approval to do so is received by each licensee from the commission for that particular raffle prior to the sale of any tickets in connection therewith;

(2) The method by which the income, expenditures for prizes, and all other expenses, received and expended in connection with the raffle will be apportioned among the licensees conducting the raffle is disclosed in writing to the commission, together with the application for the commission's approval of the joint raffle;

(3) A separate bank account is established by one of the participating licensees, all of the proceeds from the raffle are deposited therein, and all of the expenses in connection with the raffle, including but not limited to, all payments for prizes, is made therefrom;

(4) Records are kept by each of the participating licensees which clearly disclose the amount of money received and expended by that licensee and by each other participating licensee in connection with the raffle. Records of expenses shall disclose for what purpose the money was spent.

(5) All gross receipts received by each individual participating organization shall count toward their individual license gross receipts limit.

### **RCW 9.46.0261 "MEMBER," "BONA FIDE MEMBER."**

"Member" and "bona fide member," as used in this chapter, mean a person accepted for membership in an organization eligible to be licensed by the commission under this chapter upon application, with such action being recorded in the official minutes of a regular meeting or who has held full and regular membership status in the organization for a period of not less than twelve consecutive months prior to participating in the management or operation of any gambling activity. Such membership must in no way be dependent upon, or in any way related to, the payment of consideration to participate in any gambling activity.

Member or bona fide member shall include only members of an organization's specific chapter or unit licensed by the commission or otherwise actively conducting the gambling activity: Provided, That:

(1) Members of chapters or local units of a state, regional or national organization may be considered members of the parent organization for the purpose of a gambling activity conducted by the parent organization, if the rules of the parent organization so permit;

(2) Members of a bona fide auxiliary to a principal organization may be considered members of the principal organization for the purpose of a gambling activity conducted by the principal organization. Members of the principal organization may also be considered members of its auxiliary for the purpose of a gambling activity conducted by the auxiliary; and

(3) Members of any chapter or local unit within the jurisdiction of the next higher level of the parent organization, and members of a bona fide auxiliary to that chapter or unit, may assist any other chapter or local unit of that same organization licensed by the commission in the conduct of gambling activities.

No person shall be a member of any organization if that person's primary purpose for membership is to become, or continue to be, a participant in, or an operator or manager of, any gambling activity or activities.